
Flash Report
Result of FY2018 1Q & Outlook for FY2018

Teijin Limited
August 1, 2018

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Disclaimer Regarding Forward-Looking Statements

Any statements in this document, other than those of historical fact, are forward-looking statements about the future performance of Teijin and its Group companies, which are based on management's assumptions and beliefs in light of information currently available, and involve risks and uncertainties. Actual results may differ materially from these forecasts.

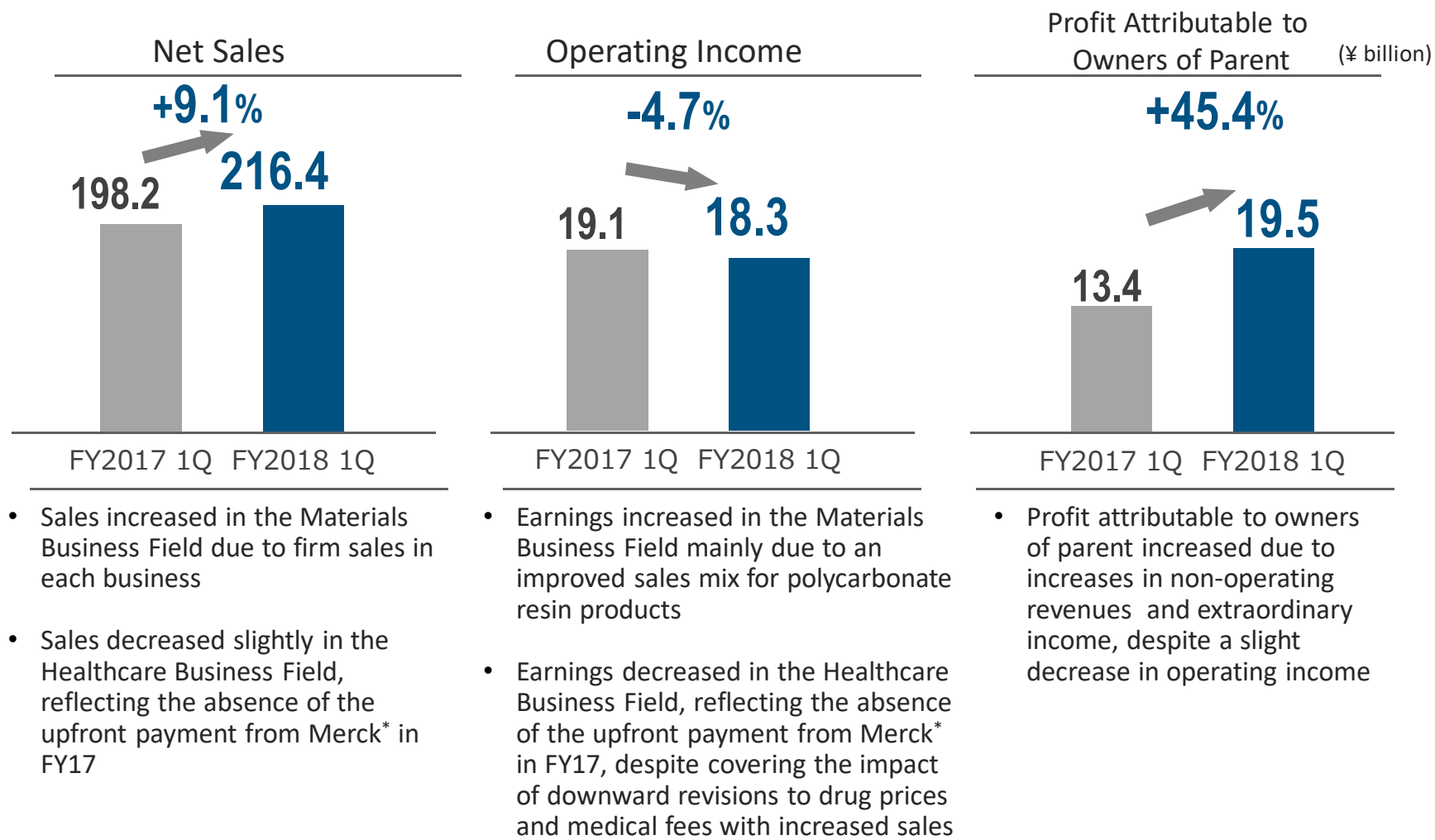
Note

This material is based on the consolidated results for FY2018 1Q announced at 11:30 A.M. on Aug 1, 2018 (local time in Japan).

1. Result of the FY2018 1Q

Performance Highlights

- Solid sales centered on the Materials Business Field
- Operating income declined, reflecting the absence of the upfront payment from Merck* in FY17 in Pharmaceuticals
- Profit attributable to owners of parent increased due to the recording of non-operating revenues and extraordinary income



* The impact of recording consideration for the licensing out of a n investigational antibody candidate targeting tau for a possible new treatment of Alzheimer's disease

(¥ billion)

◆ Operating Results

	FY17 1Q	FY18 1Q	Difference	% Change		FY17 1Q	FY18 1Q	Difference	% Change
Net Sales	198.2	216.4	+18.1	+9.1%	CAPEX*4	8.8	11.9	+3.1	+34.6%
Operating Income	19.1	18.3	-0.9	-4.7%	Depreciation & Amortization	11.2	11.6	+0.5	+4.1%
Non-operating Items (Net)	0.9	2.9	+2.0	+229.2%	R&D Expenses	8.3	8.3	-0.0	-0.0%
Ordinary Income	20.0	21.2	+1.2	+5.8%					
Extraordinary Items (Net)	(0.5)	4.9	+5.4	—					
Income Before Income Taxes	19.6	26.1	+6.5	+33.4%					
Profit Attributable to Owners of Parent	13.4	19.5	+6.1	+45.4%					
ROE *1	15.3%	19.5%	+4.2%						
ROIC *2	12.2%	11.2%	-1.0%						
EBITDA *3	30.3	29.9	-0.4						

*1 ROE= Profit attributable to owners of parent / Shareholders' equity
 *2 ROIC based on operating income = Operating income / invested capital
 (Invested capital = Net assets + Interest-bearing debt – Cash and deposits)
 *3 EBITDA = Operating income + Depreciation & amortization
 *4 CAPEX includes investments in intangible assets
 Note : Quarterly ROE and ROIC are determined by multiplying profit in 1Q by a factor of four

◇ PL exchange rate

	FY17 1Q	FY18 1Q	Difference
JPY/USD	111	109	-2
JPY/EUR	122	130	+8
USD/EUR	1.10	1.19	+0.09

(¥ billion)

◆ Non-operating items

	FY17 1Q	FY18 1Q	Difference
Interest income	0.2	0.3	+0.0
Dividends income	1.1	1.2	+0.1
Gain on valuation of derivatives	0.4	2.9	+2.5
Equity in earnings of affiliates	0.3	0.3	-0.0
Others	0.2	0.4	+0.1
Non-operating income, total	2.3	5.0	+2.7
Interest expenses	0.6	0.8	+0.2
Foreign exchange losses	0.5	0.9	+0.4
Others	0.3	0.4	+0.1
Non-operating expenses, total	1.4	2.1	+0.6
Non-operating items, total	0.9	2.9	+2.0

◆ Extraordinary items

	FY17 1Q	FY18 1Q	Difference
Gain on sales of noncurrent assets	0.0	0.2	+0.2
Settlement received	—	4.5	+4.5
Others	0.0	0.5	+0.5
Extraordinary income, total	0.1	5.2	+5.2
Loss on sales and retirement of noncurrent assets	0.2	0.2	+0.0
Others	0.3	0.1	-0.2
Extraordinary loss, total	0.6	0.3	-0.2
Extraordinary items, total	(0.5)	4.9	+5.4

1. Result of the FY2018 1Q

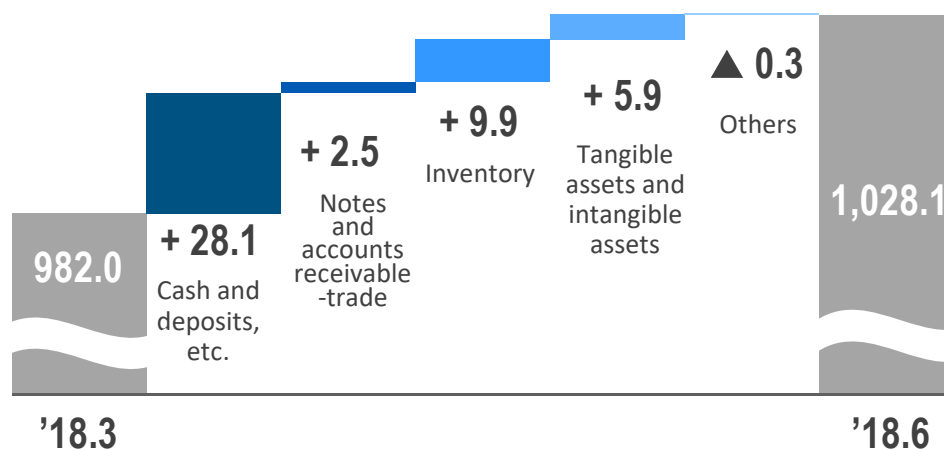
◆ Financial position

	Mar. 31, 2018*	Jun. 30, 2018	Difference	(Impact of foreign exchange rate)
Total assets	982.0	1,028.1	+46.1	+2.0
Liabilities	573.7	604.7	+30.9	+0.9
[Interest-bearing debt]	344.2	385.2	+41.0	+1.1
Net assets	408.2	423.4	+15.2	+1.1
D/E ratio	0.88	0.94	+0.07	—

*The partial amendments to the “Accounting Standard for Tax Effect Accounting” have been retrospectively reflected in the figures as of March 31, 2018.

◇ Changes in total assets

(¥ billion)



◆ Cash flows

(¥ billion)

	FY17 1Q	FY18 1Q	Difference
Operating activities	11.1	14.6	+3.5
Investing activities	(15.6)	(12.2)	+3.4
Free cash flow	(4.6)	2.3	+6.9
Financing activities	5.0	26.8	+21.9
Net inc/dec in Cash & cash equivalents	0.4	29.2	+28.8

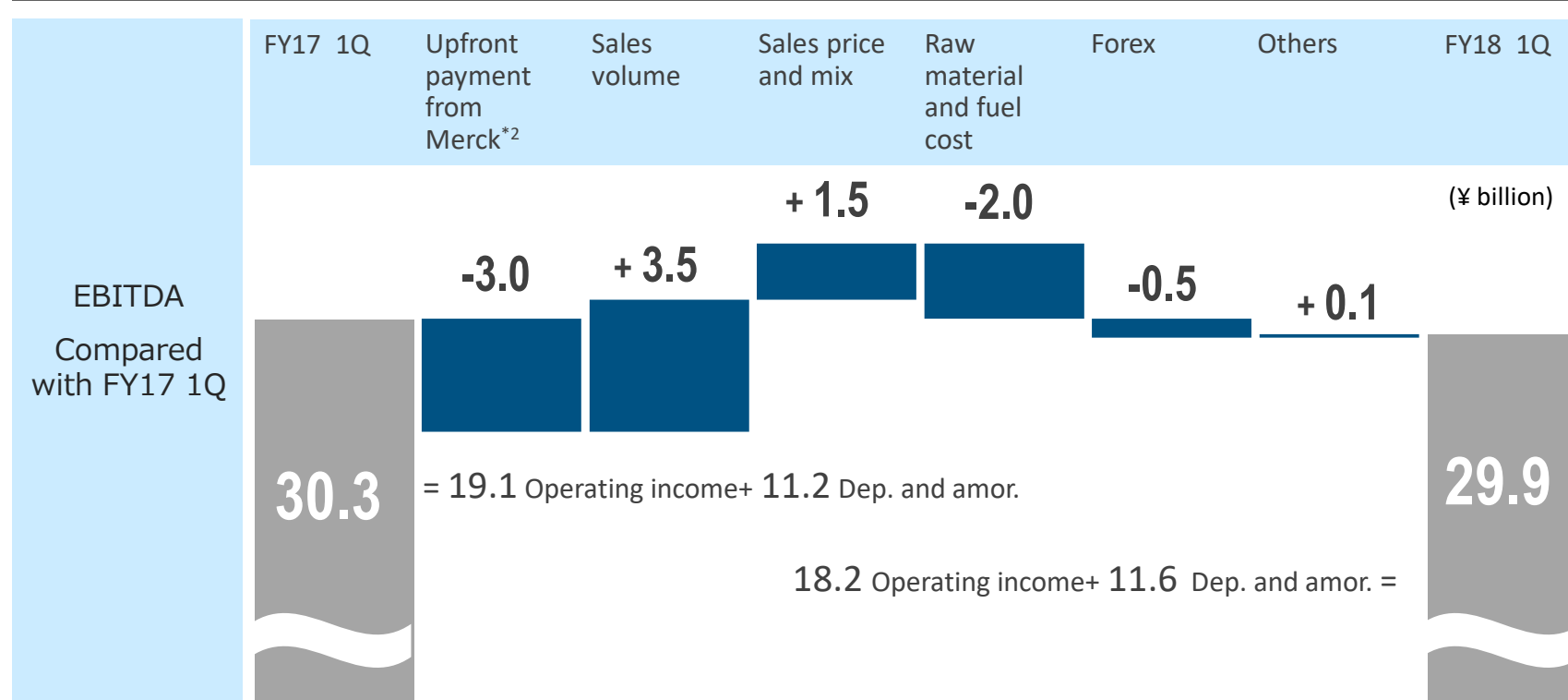
Note: Cash flows fall outside the scope of quarterly results reporting under the Financial Instruments and Exchange Act.

◇ BS exchange rate

	March 31, 2018	June 30, 2018	Difference
JPY / USD	106	111	+4
JPY / EUR	131	128	-3
USD / EUR	1.23	1.16	-0.07

◆ Changes in EBITDA*¹ Compared with FY17 1Q

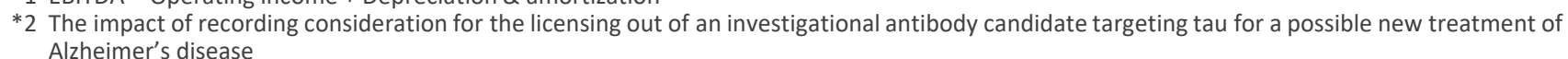
Compared with FY17 1Q	Increase factors:	- Higher sales from polycarbonate resins and the Polyester Fibers & Trading and Retail Business Group, etc.
Earnings decreased slightly		- Higher sales of the hyperuricemia and gout treatment <i>FEBURIC</i> and increased rental volume of CPAP ventilators
	Decrease factors:	- Impact of downward revisions to drug prices and medical fees
		- The upfront payment from Merck* ² in FY17 1Q



*1 EBITDA = Operating income + Depreciation & amortization

*2 The impact of recording consideration for the licensing out of a n investigational antibody candidate targeting tau for a possible new treatment of Alzheimer's disease

(¥ billion)



◆ Operating Results by Segment Compared with FY17 1Q

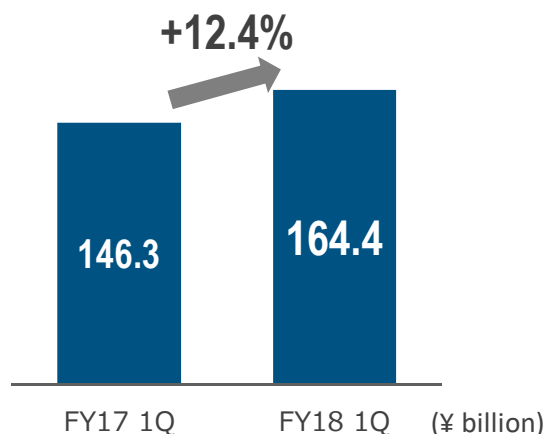
(¥ billion)

		FY17 1Q	FY18 1Q	Difference	% Change
Net sales	Material business group	60.4	68.7	+8.3	+13.8%
	Polyester Fibers & Trading and Retail business group	66.4	73.8	+7.3	+11.0%
	Composites, others	19.4	21.9	+2.4	+12.6%
	Materials Total	146.3	164.4	+18.1	+12.4%
	Healthcare	39.7	39.2	-0.5	-1.3%
	Others	12.2	12.8	+0.6	+4.8%
	Total	198.2	216.4	+18.1	+9.1%
Operating income (loss)	Materials	8.2	9.0	+0.8	+10.0%
	Healthcare	11.8	9.9	-1.9	-15.9%
	Others	1.0	0.6	-0.4	-38.2%
	Elimination and Corporate	(1.9)	(1.3)	+0.6	—
	Total	19.1	18.3	-0.9	-4.7%

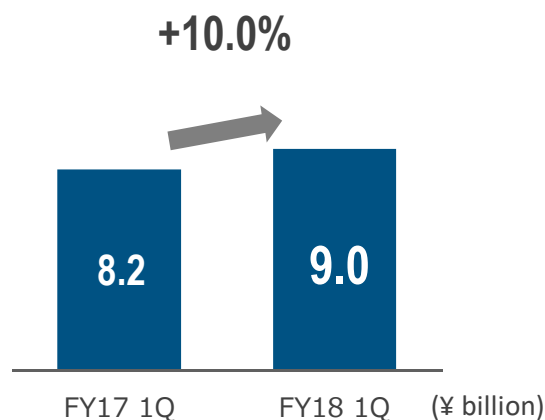
Materials

- Net sales increased due to firm sales in each business
- Earnings increased mainly due to an improved sales mix for polycarbonate resin products

Net sales



Operating income



Material business group

- Sales of aramid fibers for automotive applications increased steadily
- Sales of carbon fibers for use in aircraft were firm
- The sales mix for polycarbonate resins improved
- Sales of release films for manufacturing processes were favorable

Polyester Fibers & Trading and Retail business group

- Maintained favorable sales for sports and outdoor use in Fiber Materials and Apparel
- Sales for use in automotive materials were slightly sluggish in Industrial Textiles and Materials

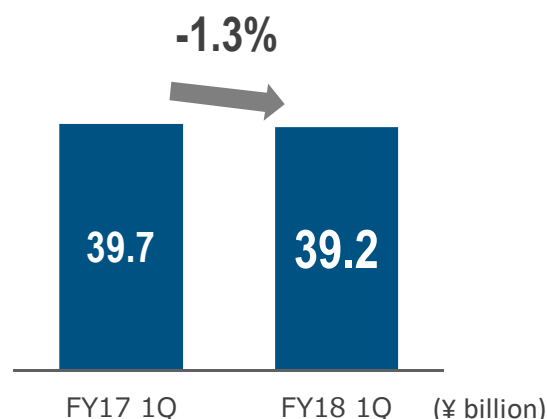
Composites, others

- Sales of mass-produced automotive components of CSP increased
- Sales of lithium-ion battery (LIB) separators for consumer applications were sluggish

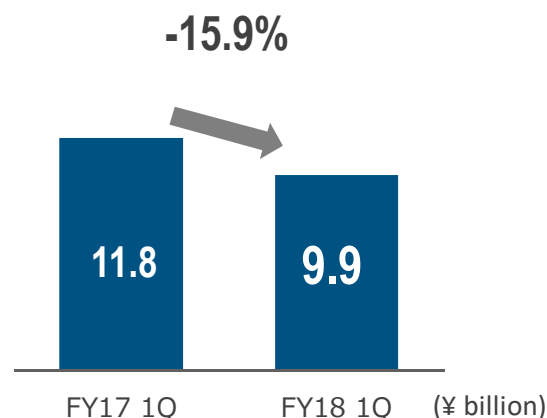
Healthcare

- Higher sales of core products and services covered the impact of downward revisions to drug prices and medical fees
- Operating income declined, reflecting the absence of the upfront payment from Merck in FY17 in Pharmaceuticals

Net sales



Operating income



Pharmaceuticals

- Sales of the hyperuricemia and gout treatment expanded, despite a challenging environment for long-listed products
- Recorded consideration (¥3.0 billion) for the licensing out of an investigational antibody candidate targeting tau protein for a possible new treatment of Alzheimer's disease to Merck of the U.S. in FY17

Home Healthcare

- Rental volume for oxygen concentrators for home oxygen therapy (HOT) remained at high levels, helped partly by an enhanced lineup of portable oxygen concentrators
- Rental volume for continuous positive airway pressure (CPAP) ventilators increased, mainly due to the use of the SAS-2100 sleeping pattern analysis devices.

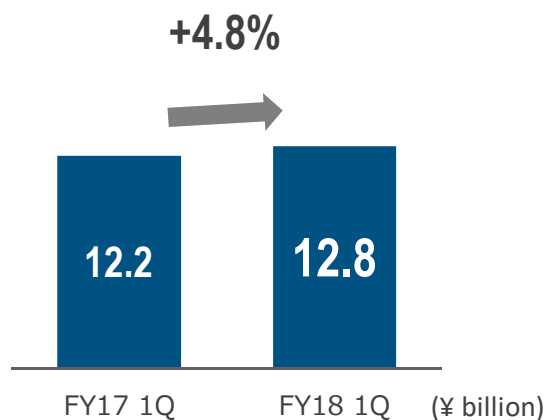
New Healthcare

- Implantable medical products performed steadily, driven primarily by artificial joint and orthopedic spine products

Others

The IT business delivered a solid performance

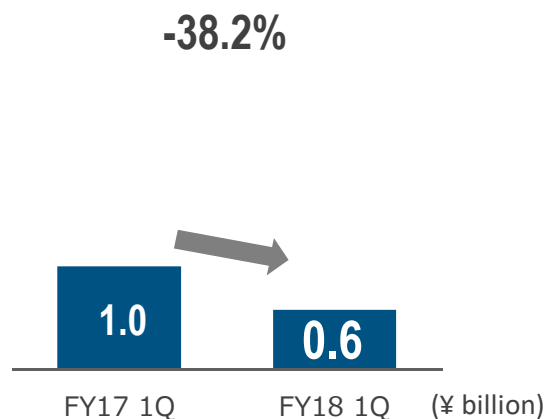
Net sales



IT

- Sales of the *MECCHA COMICS* e-comics distribution service expanded steadily
- Initiatives such as an exclusive pre-release e-comics distribution based on stronger ties with a major publisher also contributed to sales growth.

Operating income



2. Outlook for FY2018

Key Financial Indicators

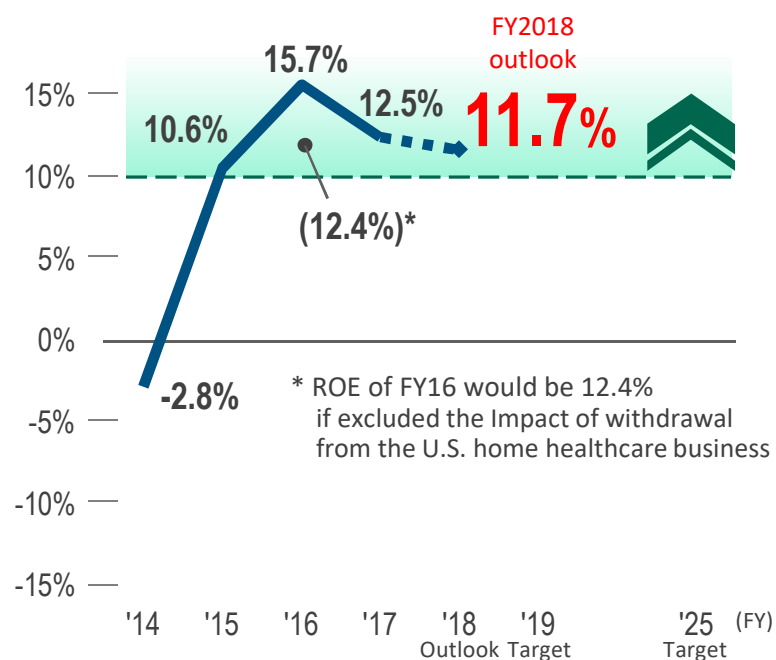
- ROE to remain at our medium-term target of 10% or more
- EBITDA to progress steadily toward the target for FY2019

ROE*¹

Medium-term target

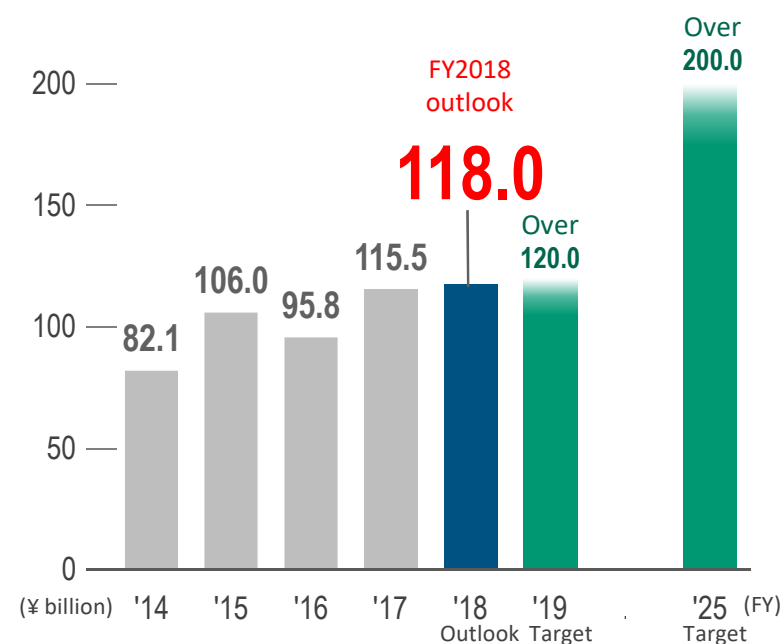
10% +

Trend

EBITDA*²

Over ¥120 billion in FY2019

Over ¥200 billion in FY2025



*1 ROE=Profit(loss) attributable to owners of parent/Shareholders' equity

*2 EBITDA = Operating income + Depreciation & amortization

◆ Summary of Outlook for FY2018

(¥ billion)	FY2017	FY2018 Outlook	Difference	% Change	Previous Outlook* ⁵	Difference
Net sales	835.0	890.0	+55.0	+6.6%	880.0	+10.0
Operating income	69.8	70.0	+0.2	+0.3%	70.0	0
Ordinary income	67.8	72.0	+4.2	+6.2%	71.0	+1.0
Profit (loss) attributable to owners of parent	45.6	48.0	+2.4	+5.4%	47.0	+1.0
ROE* ¹	12.5%	11.7%	-0.8%		11.4%	+0.2%
ROIC * ²	11.2%	10.3%	-0.9%		10.3%	0.0%
EBITDA * ³	115.5	118.0	+2.5		118.0	0
Free cash flow	28.8	15.0	-13.8		15.0	0
CAPEX* ⁴	44.6	75.0	+30.4		75.0	0
Depreciation & Amortization	45.7	48.0	+2.3		48.0	0
R&D Expenses	35.9	37.0	+1.1		37.0	0

Assumptions for FY2018 outlook

Exchange rates : ¥110/US\$1.00, and ¥130/€1.00

An average Dubai crude oil price : US\$70/barrel

*1 ROE= Profit attributable to owners of parent / Shareholders' equity

2 ROIC based on operating income = Operating income / invested capital

*Net assets + Interest-bearing debt – Cash and deposits

*3 EBITDA = Operating income + Depreciation & amortization

Dividend forecasts *No changes from previous outlook

Interim: ¥30 per share Year-end: ¥40 per share *

Annual: ¥70 per share * * Including a commemorative dividend of ¥10 per share for our founding centennial

Decided to acquire own shares (The details are to be mentioned later)

*4 CAPEX includes investments in intangible assets

*5 Announced on May 9, 2018

◆ Changes in EBITDA*¹ Compared with FY17

Compared with FY2017 :

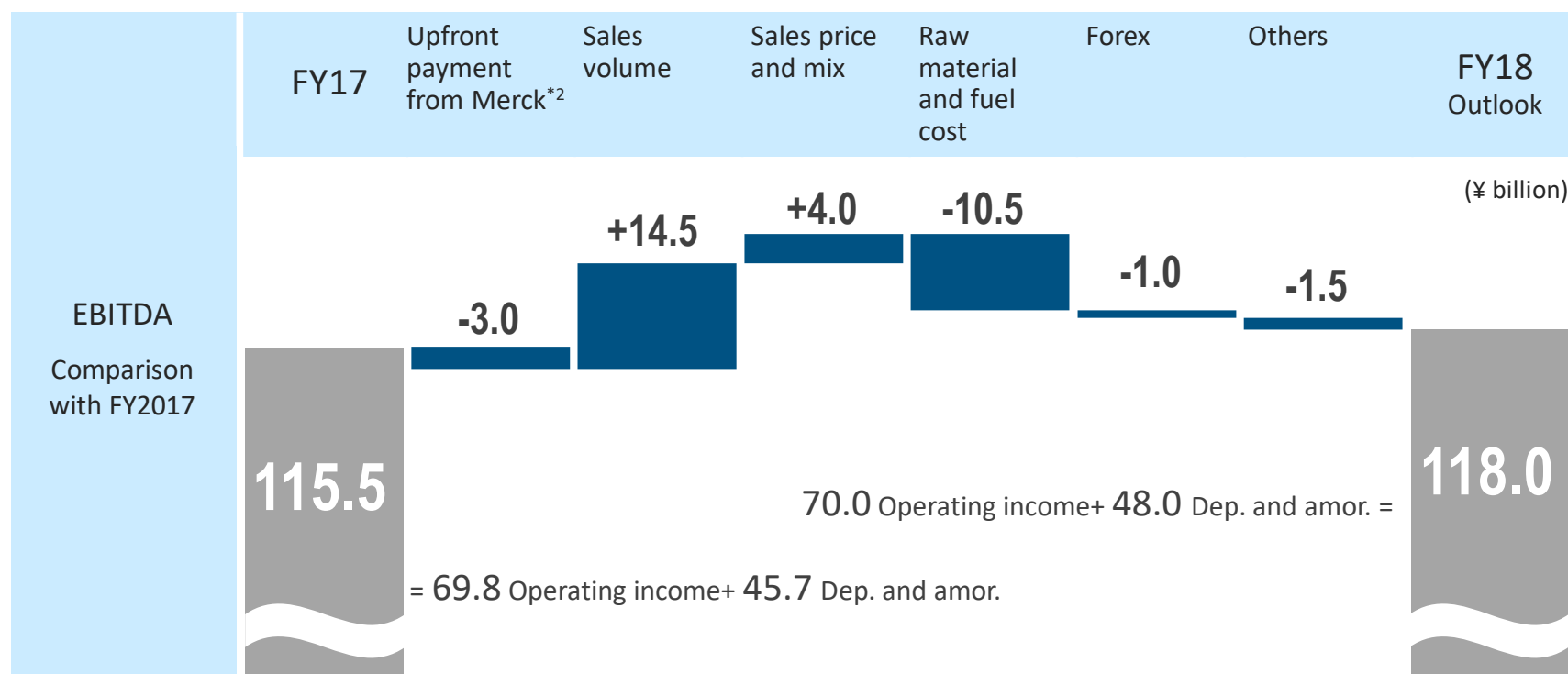
Forecast of Increased Earnings

Increase factors:

- Higher sales of CSP automotive composites and LIB separators
- Improvement in the Polyester Fibers & Trading and Retail Business Group
- Higher sales of hyperuricemia and gout treatment and CPAP ventilators

Decrease factors:

- Impact of downward revisions to drug prices and medical fees
- The upfront payment from Merck & Co., Inc.*² in FY2017

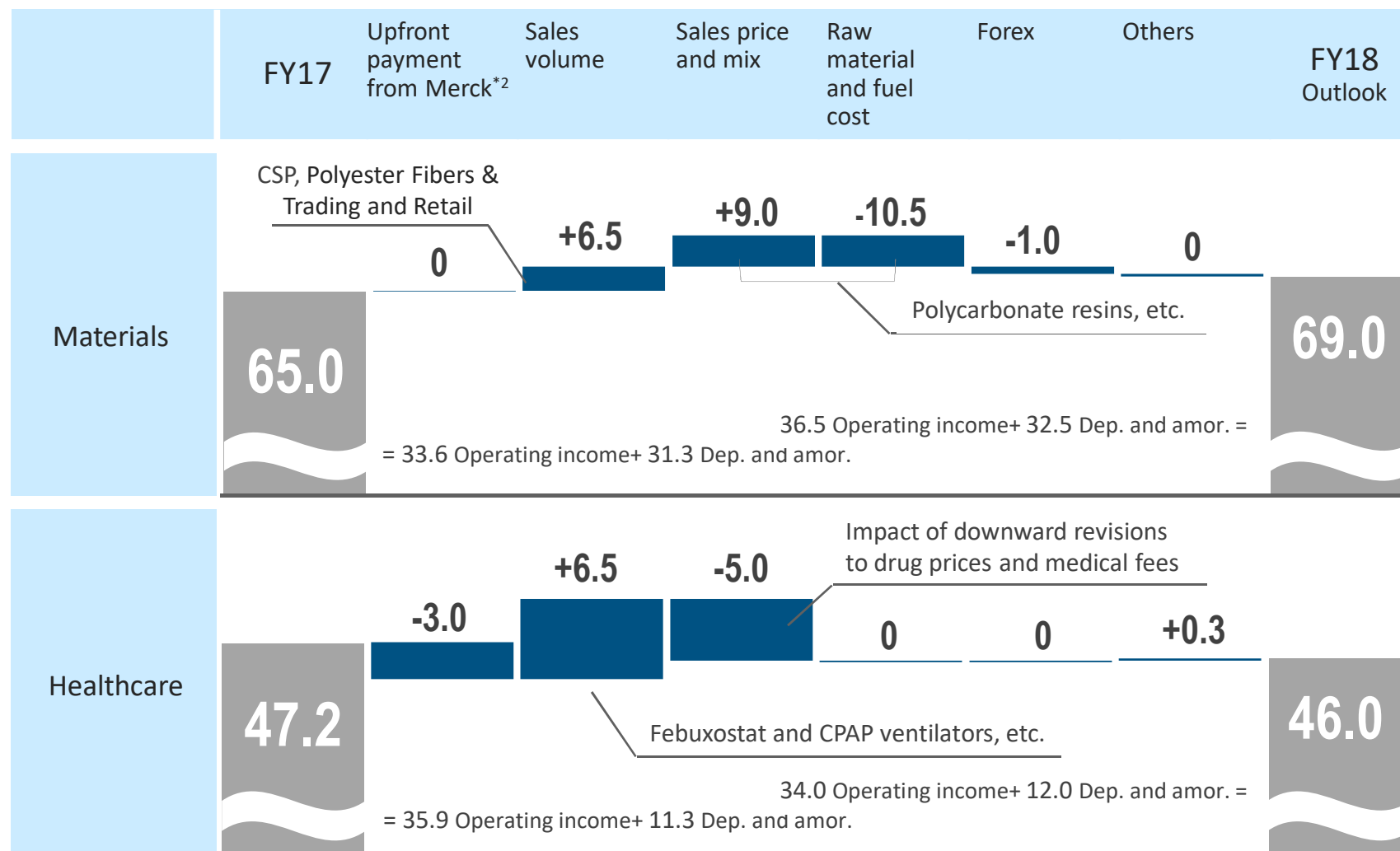


*1 EBITDA = Operating income + Depreciation & amortization

*2 The impact of recording consideration for the licensing out of an investigational antibody candidate targeting tau for a possible new treatment of Alzheimer's disease

◆ Changes in EBITDA*¹ by segment Compared with FY17

(¥ billion)



*1 EBITDA = Operating income + Depreciation & amortization

*2 The impact of recording consideration for the licensing out of an investigational antibody candidate targeting tau for a possible new treatment of Alzheimer's disease

◆ Changes in EBITDA^{*1} Compared with Previous Outlook^{*2}

Compared with
Previous Outlook^{*2} :

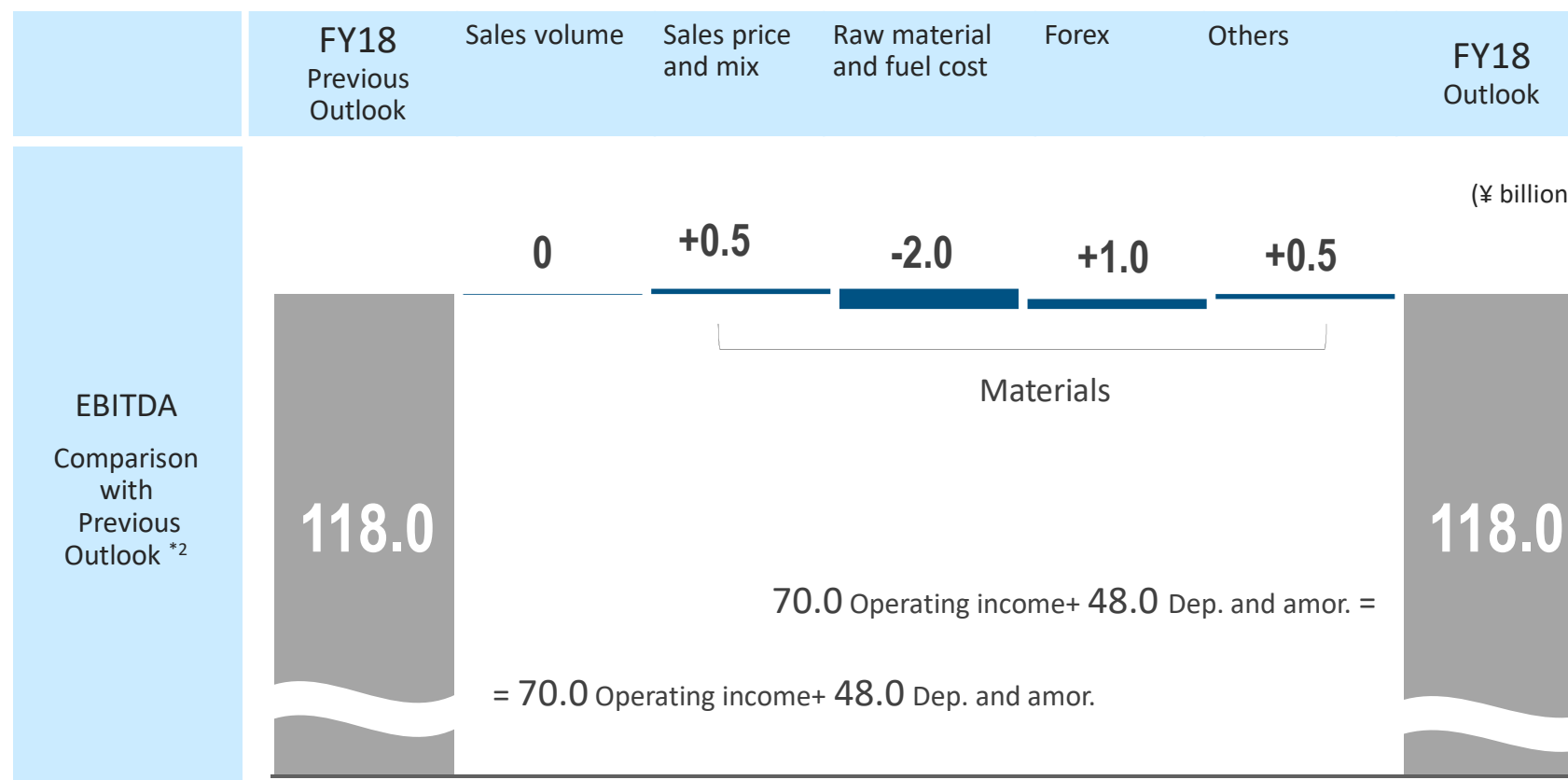
No revisions

Increase factors:

- Increased earnings from revised exchange rate assumption
(¥105 to US\$1 ⇒ ¥110 to US\$1)

Decrease factors:

- Deterioration in spread due to rising material and fuel prices



*1 EBITDA = Operating income + Depreciation & amortization

*2 Announced on May 9, 2018

◆ Key Financial Indicators by segment

		FY2017	FY2018 Outlook	Difference	Previous Outlook* ¹	Difference
EBITDA* ² (¥ billion)						
	Materials	65.0	69.0	+4.0	69.0	0
	Healthcare	47.2	46.0	-1.2	46.0	0
	Others	7.8	8.0	+0.2	8.0	0
	Elimination and Corporate	(4.5)	(5.0)	-0.5	(5.0)	0
	Total	115.5	118.0	+2.5	118.0	0
ROIC* ³ (%)						
	Materials	9%	8%	-1%	8%	0%
	Healthcare	29%	24%	-5%	24%	0%
	Total	11%	10%	-1%	10%	0%

*1 Announced on May 9, 2018

*2 EBITDA = Operating income + Depreciation & amortization

*3 ROIC based on operating income = Operating income / invested capital (Net assets + Interest-bearing debt – Cash and deposits)

◆ Changes in net sales and operating income by segment for FY17-FY18

		FY17 Results			FY18 Outlook			Difference
		1H	2H	Total	1H	2H	Total	Total

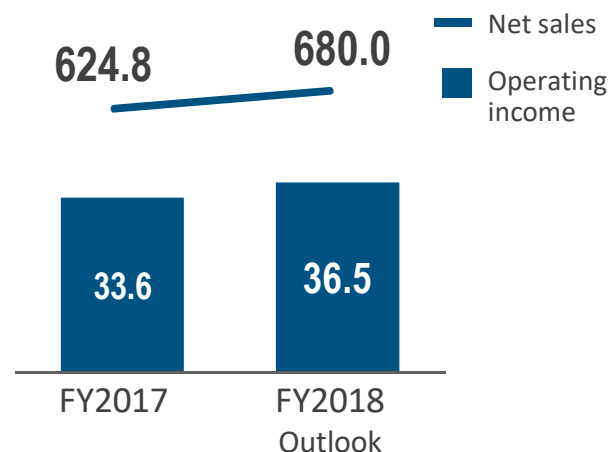
◆ Changes in net sales and operating income by segment (Comparison with previous outlook)

(¥ billion)		FY18 Previous Outlook*			FY18 Outlook			Difference
		1H	2H	Total	1H	2H	Total	Total
Net sales	Material business group	130.0	135.0	265.0	135.0	140.0	275.0	+10.0
	Polyester Fibers & Trading and Retail business group	155.0	165.0	320.0	155.0	165.0	320.0	0
	Composites, others	40.0	45.0	85.0	40.0	45.0	85.0	0
	Materials Total	325.0	345.0	670.0	330.0	350.0	680.0	+10.0
	Healthcare	80.0	75.0	155.0	80.0	75.0	155.0	0
	Others	25.0	30.0	55.0	25.0	30.0	55.0	0
	Total	430.0	450.0	880.0	435.0	455.0	890.0	+10.0
Operating income (loss)	Materials	16.0	20.5	36.5	17.0	19.5	36.5	0
	Healthcare	18.5	15.5	34.0	18.5	15.5	34.0	0
	Others	2.5	3.5	6.0	2.5	3.5	6.0	0
	Elimination and Corporate	(3.0)	(3.5)	(6.5)	(3.0)	(3.5)	(6.5)	0
	Total	34.0	36.0	70.0	35.0	35.0	70.0	0

* Announced on May 9, 2018

Outlook for FY18 by segment

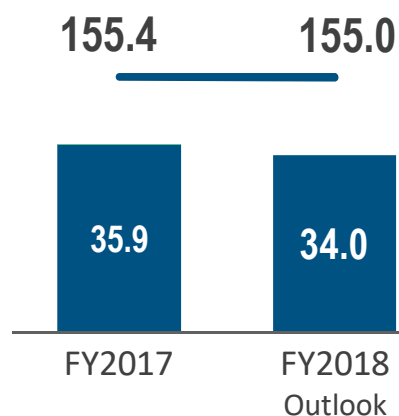
Materials (¥ billion)



Materials : Increase in earnings based on;
higher sales of CSP, LIB separators and polyester fibers & trading and retail

- Aramid fibers: Impact of major regular maintenance, despite firm demand for use in automobiles
- Carbon fibers: Firm sales for use in aircraft
- Polycarbonate resin: Maintain spread with an improved sales mix, despite persistently high raw materials prices
- Films: Increased sales based on realization of the benefits of restructuring initiatives
- Polyester fibers & trading and retail: Increased sales of industrial textiles and materials for automobiles and realization of the benefits of restructuring initiatives
- Composites: Increased sales due to adoption of CSP composites in new automobile models
- Battery materials: Expanded adoption of LIB separators for consumer applications

Healthcare (¥ billion)



Healthcare : Decrease in earnings, partly based on;
the upfront payment from Merck* in FY17, despite covering the impact of downward revisions to drug prices and medical fees with increased sales

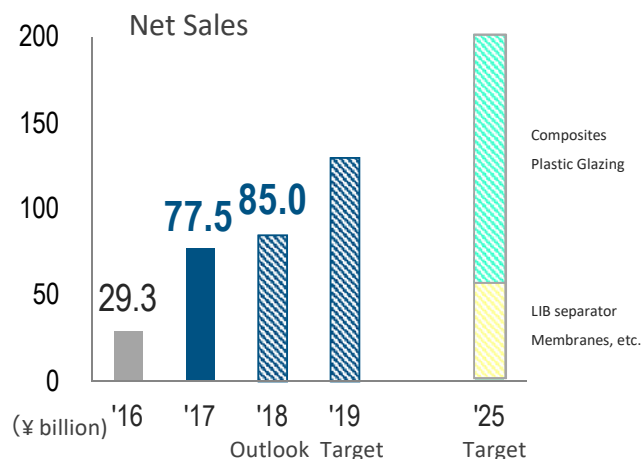
- Pharmaceuticals: Increase in sales of Febuxostat, Impacts of downward revisions to drug prices and the upfront payment from Merck* in FY2017
- Home healthcare: Increase in rental sales of CPAP ventilators Impact of downward revisions to medical fees
- New Healthcare: Positive contribution to sales from businesses initiated in FY2017, such as bone-bonding materials

* The impact of recording consideration for the licensing out of an investigational antibody candidate targeting tau for a possible new treatment of Alzheimer's disease

Transformation Strategy: Progress and Outlook

- Materials: Address needs for vehicle weight reduction primarily through CSP
- Healthcare: Continue upgrading and expanding the services lineup

Materials



Composites



CSP Europe

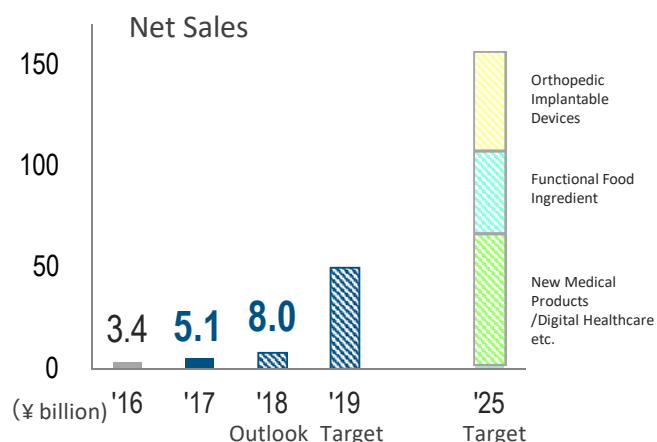
CSP Adds Compounding Capabilities in France, where is a development center in Europe

- Decided to install a sheet molding compound line at CSP facility in France of CSP Europe. The line will be capable of producing Glass Fiber-Sheet Molding Compound.
- CSP Europe will address automakers needs by strengthen integrated R&D and production structure.

Outline of the new facility to be installed

- Place : at the site of CSP Europe
- Investment amount : approximately EUR 5.1 million
- Ready to produce commercially : by the third quarter of 2019
- Production Goods : Glass Fiber-Sheet Molding Compound

Healthcare



Functional Food Ingredient



Inulin powder

Entered into an exclusive marketing agreement on inulin with a Dutch company

- Entered into an exclusive marketing agreement on inulin in Japan with Sensus B.V., a Dutch food materials manufacturer that holds the second largest global share of the market for inulin, a leading natural soluble dietary fiber material.
- Seek to begin sales of inulin in earnest from FY2019 as a food material to follow the enhanced barley product *BARLEYmax*

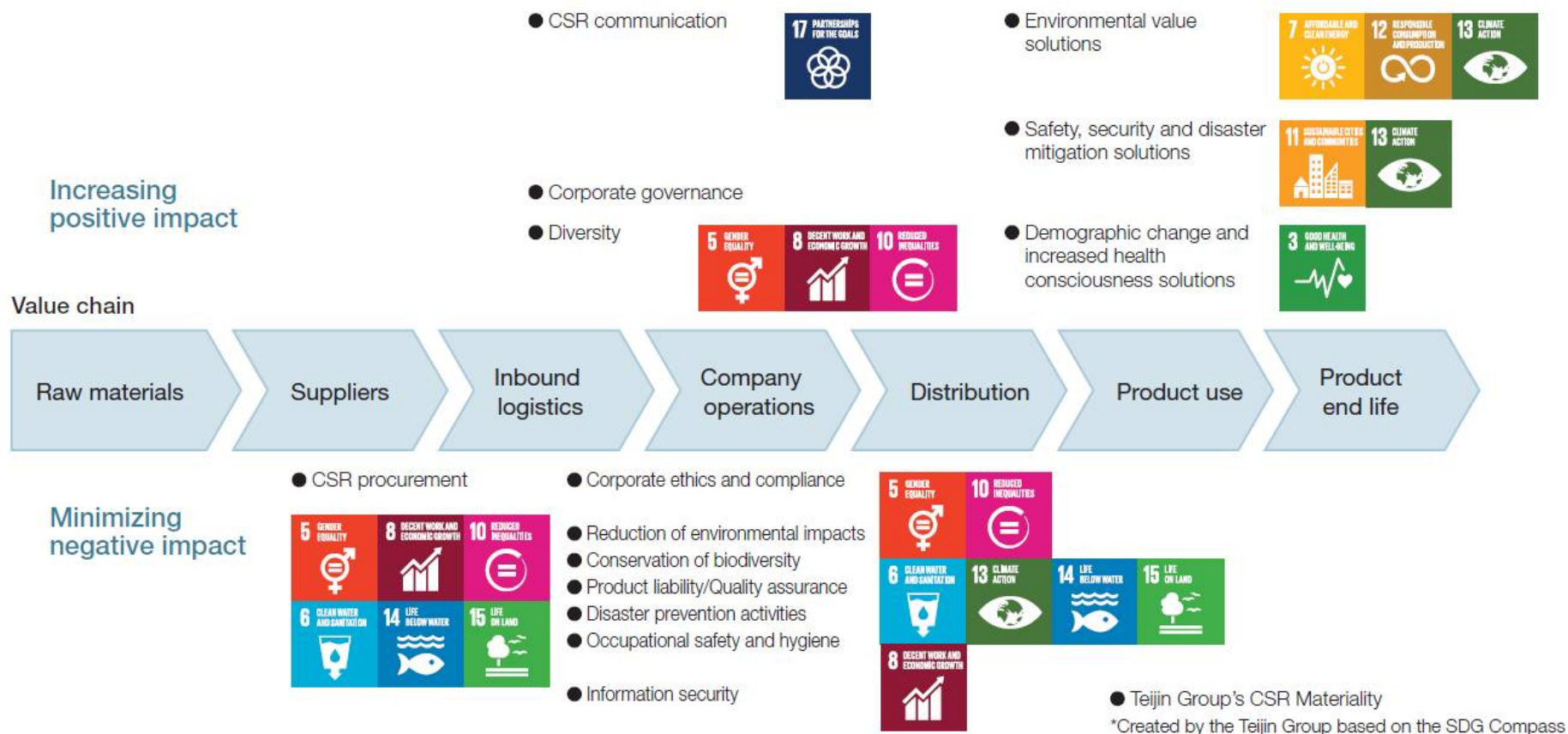
Roll out products in Japan under the *Inulia* brand

→ Aim to develop a food material to follow *BARLEYmax* and *Inulia*, with a focus on gut flora

Non-financial Information

Teijin Group's CSR Materiality and SDGs

The Teijin Group is taking active steps on a global level to define CSR materiality (material issues), referring to the social issues identified by the SDGs.






Non-financial Information

Teijin Group's CSR Materiality and SDGs

Teijin Group's initiatives to achieve the SDGs

<Core priority fields and products and services >

Environmental Value Solutions	Safety, Security and Disaster Mitigation Solutions	Demographic Change and Increased Health Consciousness Solutions
 <p>© AIRBUS</p> <p>Weight-reducing materials and components through multiple materials</p>	 <p>Ultra-lightweight Ceiling Material <i>kal-ten</i></p>	 <p>Patch for cardiovascular repair (Currently under development)</p>



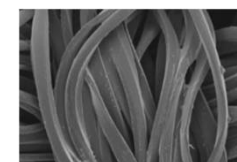
<Topics>

Insect-repelling material *SCORON* selected as a project for the Feasibility Survey for SDGs Business of JICA



SCORON is specially treated to repel insects, and is an insect-repelling fabric material jointly developed by Teijin Frontier Co., Ltd. and Earth Corporation. It was selected as a project for the Feasibility Survey for Businesses to Contribute to Meeting and Responding to Development Challenges in Developing Countries (Feasibility Survey for SDGs Business) led by the Japan International Cooperation Agency (JICA) at July 25, 2018.

Magnified electron microscope image of *SCORON*



Outline of the Feasibility Survey

- Purpose: Feasibility survey to establish businesses to address social issues in Indonesia
- Period: January 2019 to August 2021
- Location: Republic of Indonesia

Non-financial Information

ESG External Evaluation

Selected as a component stock of all three ESG indexes of GPIF

Teijin Limited has been included in all three indexes selected by Government Pension Investment Fund (GPIF) of Japan upon commencing ESG investment.

The three indexes are FTSE Blossom Japan Index, MSCI Japan ESG Select Leaders Index, and MSCI Japan Empowering Women Index (WIN).



Selected for inclusion in three programs as a stock with excellent ESG-related features
(Jointly organized by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange)

“Nadeshiko”

Encouraging women’s success
in the workplace



“White 500”

Promoting health and
productivity management



“Competitive IT Strategy Company”

Promoting the use of IT



Capital policies

Share Buyback

Teijin Limited announced that it has decided the specific method of own share repurchase of its common stock. The details are as bellows. (quoted from Timely Disclosure materials submitted to stock exchanges)

1. Reason for the Acquisition of Own Shares

To implement flexible capital management policies in response to changes in the business environment.

2. Details of Matters Relating to the Acquisition

- (1) Type of stock to be acquired: Teijin common stock
- (2) Total number of shares to be acquired: Up to 11,000,000 shares
(Percentage of the total number of issued shares (excluding treasury stock):
Approximately 5.56%)
- (3) Total value of shares to be acquired: Up to ¥20.0 billion
- (4) Acquisition period: From August 2, 2018 to November 30, 2018

3. Date of Approval

August 1, 2018

3. Supplementary information

◆ Historical Financial Indicators

	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Actual* ⁶	FY2018 Outlook
ROE* ¹	(2.8%)	10.6%	15.7%	12.5%	11.7%
ROIC * ²	7.1%	12.7%	10.0%	11.2%	10.3%
EBITDA * ³ (¥ billion)	82.1	106.0	95.8	115.5	118.0
Earnings per share* ⁴ (¥)	(41.1)	158.1	254.9	231.3	242.63
Dividends per share* ⁴ (¥)	20	35	55	60	70
Total assets (¥ billion)	823.7	823.4	964.1	982.0	1,050.0
Interest-bearing debt (¥ billion)	308.2	303.3	376.2	344.2	370.0
D/E ratio * ⁵	1.07	1.01	1.11	0.88	0.9
Shareholders' equity ratio	34.9%	36.4%	35.1%	40.0%	41.0%

*1 ROE= Profit attributable to owners of parent / Shareholders' equity

*2 ROIC based on operating income = Operating income / invested capital (Net assets + Interest-bearing debt – Cash and deposits)

*3 EBITDA = Operating income + Depreciation & amortization

*4 Reflecting the impact of the consolidation of shares

*5 D/E ratio = Interest-bearing debt / Total shareholders' equity

*6 Teijin has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28, February 16, 2018) from FY2018. Results for FY2017 have been adjusted to reflect the retrospective application of the new accounting standard.

◆ Consolidated balance sheets

		FY016		FY2017				FY2018
(¥ billion)		Dec. 31, 2016	Mar. 31, 2017	June 30, 2017	Sept. 30, 2017	Dec. 31, 2017	Mar. 31, 2018*	June 30, 2018
Total assets								
	Current assets	509.6	466.8	473.6	459.5	475.5	477.9	520.5
	Fixed assets	396.2	497.3	498.7	494.3	503.1	504.1	507.6
	Total	905.8	964.1	972.3	953.8	978.6	982.0	1,028.1
Total liabilities and net assets								
	Liabilities	551.5	612.2	596.6	556.0	567.3	573.7	604.7
	[Interest-bearing debt]	343.7	376.2	386.2	341.1	347.5	344.2	385.2
	Net assets	354.3	351.8	375.7	397.8	411.3	408.2	423.4
	Total	905.8	964.1	972.3	953.8	978.6	982.0	1,028.1

* Teijin has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28, February 16, 2018) from FY2018. Figures as of the end of FY2017 (March 31, 2018) have been adjusted to reflect the retrospective application of the new accounting standard.

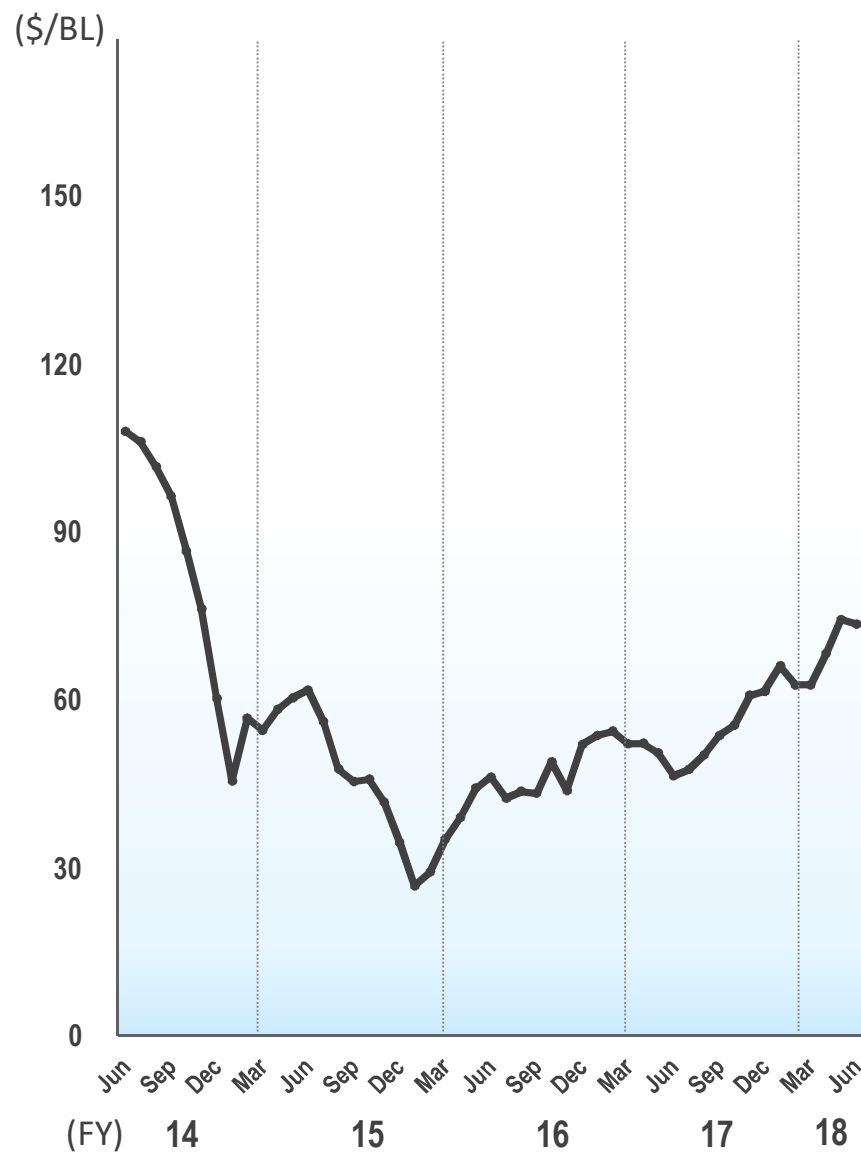
◆ Consolidated Statements of Income

	FY2017				FY2018	Difference
	1Q Apr.-June	2Q July-Sept.	3Q Oct.-Dec.	4Q Jan.-Mar.	1Q Apr.-June	18/1Q-17/1Q
(¥ billion)						
Net Sales	198.2	206.4	210.0	220.3	216.4	+18.1
Cost of sales	131.3	139.8	142.8	151.8	147.7	+16.4
Gross profit	66.9	66.6	67.2	68.5	68.7	+1.8
SG & A	47.8	48.3	48.5	54.9	50.5	+2.7
Operating income	19.1	18.4	18.8	13.5	18.3	-0.9
Non-operating items, net	0.9	(0.5)	0.1	(2.5)	2.9	+2.0
(Balance of financial expenses)	0.7	(0.4)	0.3	(0.3)	0.6	-0.1
(Equity in earnings and losses of affiliates)	0.3	0.5	0.1	0.3	0.3	-0.0
Ordinary income	20.0	17.9	18.9	11.0	21.2	+1.2
Extraordinary items (net)	(0.5)	5.1	(1.3)	(3.3)	4.9	+5.4
Income (loss) before income taxes	19.6	23.0	17.6	7.7	26.1	+6.5
Income taxes	6.0	6.4	6.8	1.6	6.4	+0.4
Profit attributable to non-controlling interests	0.2	0.8	0.3	0.3	0.2	+0.0
Profit attributable to owners of parent	13.4	15.8	10.5	5.8	19.5	+6.1

◆ Changes in net sales and operating income by segment

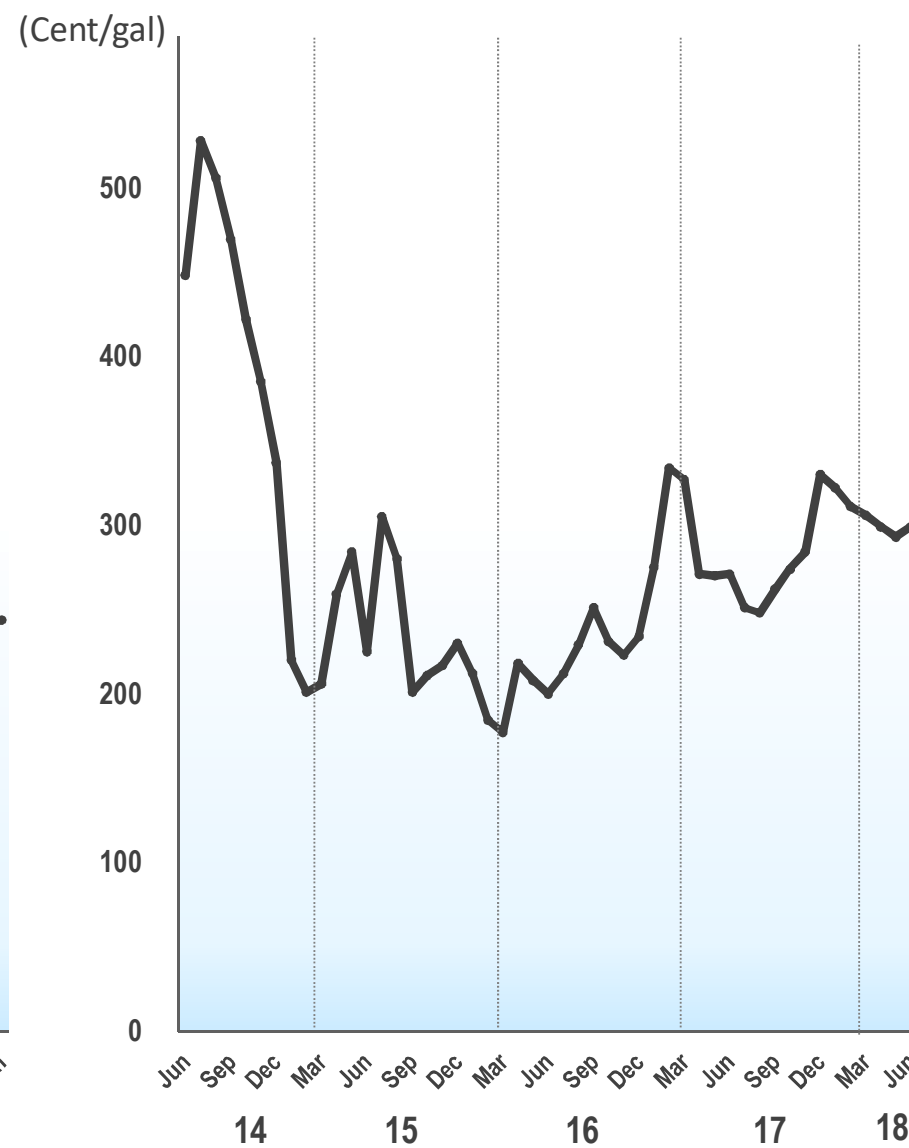
		FY2017				FY2018	Difference
		1Q Apr.-June	2Q July-Sept.	3Q Oct.-Dec.	4Q Jan.-Mar.	1Q Apr.-June	18/1Q-17/1Q
(¥ billion)							
Net sales	Material business group	60.4	63.0	63.2	67.5	68.7	+8.3
	Polyester Fibers & Trading and Retail business group	66.4	73.7	75.5	77.6	73.8	+7.3
	Composites, others	19.4	17.9	17.4	22.7	21.9	+2.4
	Materials Total	146.3	154.5	156.1	167.8	164.4	+18.1
	Healthcare	39.7	38.3	40.8	36.5	39.2	-0.5
	Others	12.2	13.6	13.0	15.9	12.8	+0.6
	Total	198.2	206.4	210.0	220.3	216.4	+18.1
Operating income (loss)	Materials	8.2	8.7	7.3	9.4	9.0	+0.8
	Healthcare	11.8	8.8	11.5	3.8	9.9	-1.9
	Others	1.0	1.9	1.2	2.0	0.6	-0.4
	Elimination and Corporate	(1.9)	(1.1)	(1.2)	(1.7)	(1.3)	+0.6
	Total	19.1	18.4	18.8	13.5	18.3	-0.9

◆ Dubai crude oil prices



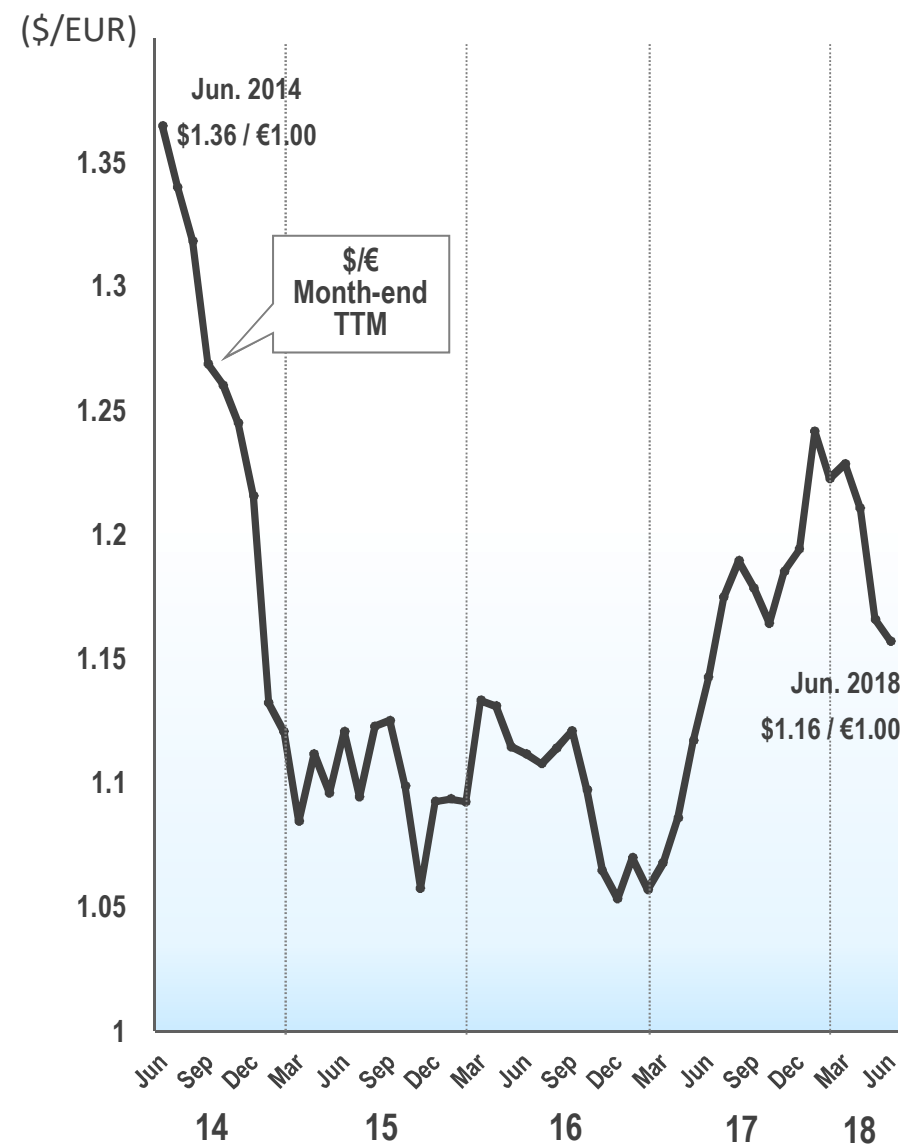
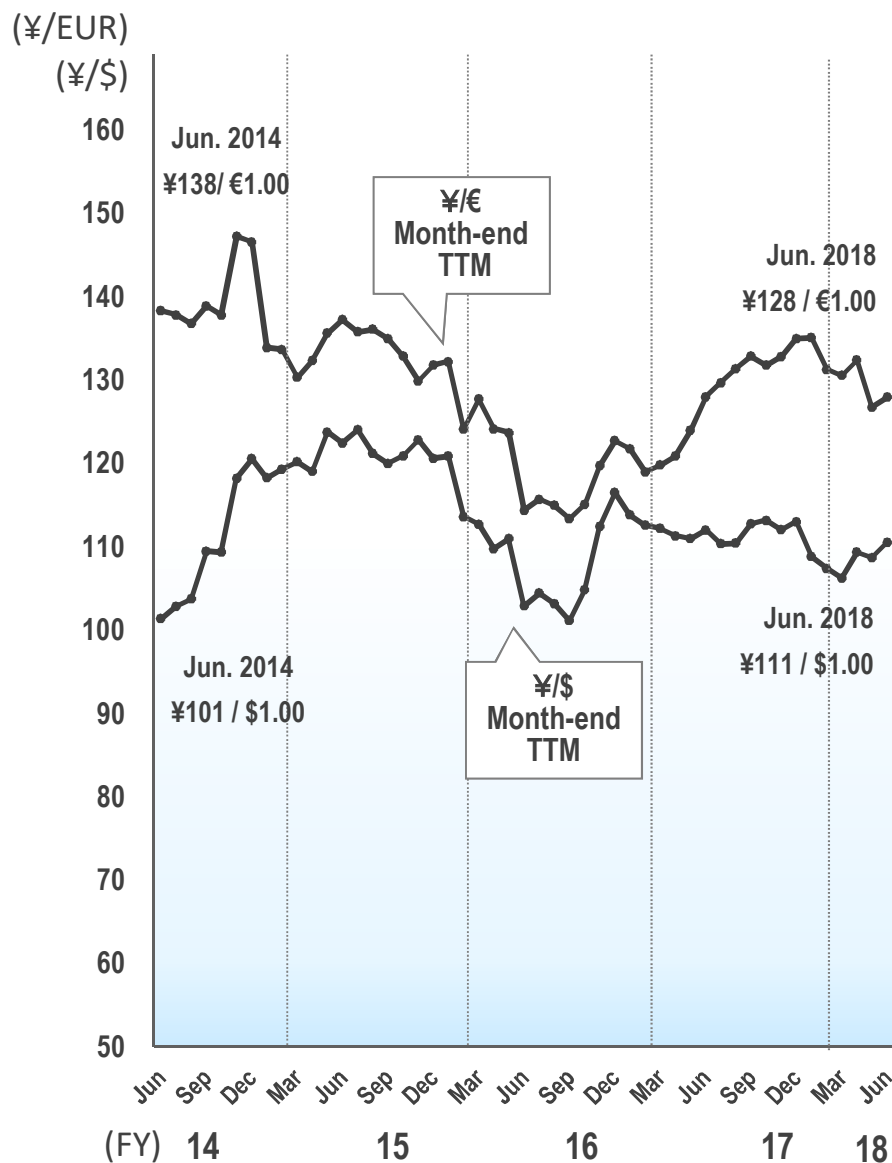
【Source: Teijin estimates based on data published by Platt's】

◆ Benzene prices



【Source: Teijin estimates based on data published by Dewitt】

◆ Yen/U.S. Dollar, Yen/Euro exchange rates ◆ U.S. Dollar/Euro exchange rates



◆ Sales of Principal Pharmaceuticals

Sales of Principal Pharmaceuticals							(¥ billion)
Product	Target disease	FY2017					FY2018
		1Q Apr.-June	2Q July-Sept.	3Q Oct.-Dec.	4Q Jan.-Mar.	Total	1Q Apr.-June
Bonalon ^{®*1}	Osteoporosis	2.8	2.8	3.0	2.2	10.9	2.6
Onealfa [®]	Osteoporosis	0.9	0.9	0.9	0.5	3.1	0.5
Osteoporosis total		3.7	3.6	3.9	2.8	14.0	3.1
FEBURIC [®]	Hyperuricemia and gout	7.4	7.5	8.8	6.9	30.7	8.7
Venilon [®]	Severe infection	1.3	1.3	1.4	1.1	5.1	1.3
Mucosolvan [®]	Expectorant	1.3	1.2	1.5	1.2	5.1	1.0
Somatuline ^{®*2}	Acromegaly and pituitary gigantism, gastroentero-pancreatic neuroendocrine tumors	0.4	0.6	0.8	0.7	2.5	0.8
LOQOA [®]	osteoarthritis pain and inflammation	0.5	0.5	0.5	0.4	1.8	0.5
Laxoberon [®]	Laxative	0.4	0.5	0.5	0.3	1.7	0.4
Tricor [®]	Hyperlipidemia	0.4	0.4	0.4	0.2	1.4	0.3
Alvesco [®]	Asthma	0.3	0.3	0.3	0.3	1.2	0.3

*1 *Bonalon*[®] is the registered trademark of Merck Sharp & Dohme Corp., U.S.A.

*2 *Somatuline*[®] is the registered trademark of Ipsen Pharma, France.

◆ Development status by therapeutic area

(As of June. 30, 2018)

	Phase of Clinical Trials				
	Phase I	Phase II	Phase III	Filed for a Approval	Approved/ New Launch ^{*1}
Bone and joint disease		KTP-001	ITM-058 NT 201		
Respiratory disease		PTR-36			
Cardio-vascular and metabolic disease		TCF-12 TMX-049 TMX-049DN	ITM-014T	STM-279 ^{*2} TMX-67 (PRC)	ITM-014N
Others			GGs-ON GGs-MPA GGs-CIDP		

*1 Information of Approved/New Launch is for the past 1 year

*2 Filed for manufacturing and marketing approval in June 2018

◆ Newly developed pharmaceutical candidates

(As of June. 30, 2018)

[Approved/New Launch]

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
ITM-014N (lanreotide acetate)	Gastroenteropancreatic neuroendocrine tumors	Promising for the treatment of neuroendocrine tumors; inhibits cell proliferation and improves associated symptoms by interacting with somatostatin receptors to induce apoptosis (direct mechanism) and by blocking the release of neurotrophic factors (indirect mechanism).	Injection	Licensed in from Ipsen Pharma, Paris, France (Additional indication) Approved in July 2017

[FILED]

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
STM-279	Adenosine deaminase (ADA) deficiency	EZN-2279 (polyethylene glycol recombinant bovine adenosine deaminase) is an injectable recombinant ADA that suppresses a reduction in lymphocytes by replacing ADA. It is expected to prevent the onset of severe combined immune deficiency (SCID).	Injection	Licensed in from Leadiant Biosciences, Limited (U.K.) Filed in June 2018
TMX-67 (febuxostat)	Hyperuricemia and gout	Trials to facilitate the licensing out of febuxostat (tablet-form treatment for hyperuricemia and gout currently sold in Japan and elsewhere) for sale in the PRC. A highly potent drug that selectively inhibits xanthine oxidase and is also safe for patients with impaired renal function who may be unable to tolerate existing treatments.	Tablet	Under joint development with Astellas Pharma China, Inc. Filed in PRC in November 2015

◆ Newly developed pharmaceutical candidates

(As of June. 30, 2018)

[PHASE III]

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
ITM-058	Osteoporosis	Promising for the treatment of osteoporosis due to potency in promoting bone formation, resulting in a rapid increase in bone density and reduction in the risk of fracture. Superior to existing PTH derived drugs in its ability to increase bone density and its safety (minimal risk of hypercalcemia).	Injection	Licensed in from Ipsen Pharma, France
NT 201	Pure botulinum neurotoxin type A1/ upper and lower limb spasticity	Promising for the relaxation and improvement of excessive skeletal-muscular tension caused by upper and lower limb spasticity, through the muscle relaxant action of pure botulinum neurotoxin type A1.	Injection	Licensed in from with Merz Pharma GmbH & Co. KGaA (Germany)
ITM-014T (lanreotide acetate)	Thyroid stimulating hormone-secreting pituitary tumors	Promising for the normalization of thyroid function through the following actions: induction of apoptosis via the somatostatin receptor (direct action) and the control of secretion of cellular growth factor (indirect action)	Injection	Licensed in from Ipsen Pharma, France
GGs-ON (freeze-dried sulfonated human immunoglobulin)	Optic neuritis	The immunoregulatory mechanism of this drug inhibits inflammation of the optic nerve; also promising because of its ability to restore lost visual function.	Injection	Under joint development with Kaketsuken (Additional indication)
GGs-MPA (freeze-dried sulfonated human immunoglobulin)	Microscopic polyangiitis	This drug's anti-inflammatory and immunoregulatory actions mitigate autoimmune vasculitis; also promising as a treatment for mononeuritis multiplex, a neuropathic disorder that is not alleviated by standard therapies.	Injection	Under joint development with Kaketsuken (Additional indication)
GGs-CIDP (freeze-dried sulfonated human immunoglobulin)	Chronic inflammatory demyelinating polyneuropathy	The immunoregulatory action of this drug inhibits inflammation of the peripheral nerves; the drug thus offers promise as a treatment that will restore lost muscle strength.	Injection	Under joint development with Kaketsuken (Additional indication)

◆ Newly developed pharmaceutical candidates

(As of June. 30, 2018)

[PHASE II]

Code No.	Target disease	Medical properties/characteristics	Dosage form	Remarks
KTP-001	Lumbar disc herniation	For use in chemonucleolysis for herniated lumbar discs; because it is a recombinant human protease—identical in structure to matrix metalloprotease, which promotes the spontaneous regression of herniated discs—this drug minimizes the risk of allergic reaction and facilitates the selective treatment of affected discs, thus reducing damage to surrounding tissue and enhancing the viability of this procedure as a minimally invasive alternative to surgery.	Injection	Engineered by Professor Hirotaka Haro and Dr. Hiromichi Komori Under joint development with Kaketsuken
PTR-36	Bronchial asthma	Uses a novel mechanism (CRTh2 receptor antagonism) to control symptoms of asthma, facilitating effective long-term management of the disease; offers promise for use alone, delivering therapeutic value comparable to that of steroids, for patients with mild asthma; also offers promise for use in tandem with steroid inhalants, delivering sufficient therapeutic value for patients with mild to severe asthma.	Tablet	Licensed in from Pulmagen Therapeutics (Asthma) Limited
TCF-12	Chronic kidney disease	A fibrous adsorption charcoal that offers promise in alleviating uremia symptoms in chronic kidney disease (progressive) and delaying the onset of end-stage renal disease (ESRD) based on its high adsorption capacity for uremic toxins, along with improving medication adherence due to a reduced dosage.	Capsule	Developed in-house
TMX-049	Hyperuricemia and gout	Non-purine xanthine oxidase inhibitor; offers promise as a new treatment for hyperuricemia and gout that is both highly effective and safe.	Tablet	Developed in-house
TMX-049DN	Diabetic nephropathy in Type 2 diabetes	Non-purine xanthine oxidase inhibitor; offers promise in suppressing the progression of nephropathy, as a new treatment for diabetic nephropathy.	Tablet	Developed in-house

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